

SECOND REGULAR SESSION  
[P E R F E C T E D]  
SENATE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 850**  
97TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR MUNZLINGER.

Offered April 7, 2014.

Senate Substitute adopted, April 15, 2014.

Taken up for Perfection April 15, 2014. Bill declared Perfected and Ordered Printed, as amended.

5904S.04P

TERRY L. SPIELER, Secretary.

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**AN ACT**

To repeal section 262.900, RSMo, and to enact in lieu thereof three new sections relating to agricultural products.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 262.900, RSMo, is repealed and three new sections enacted in lieu thereof, to be known as sections 144.527, 208.018, and 262.900, to read as follows:

**144.527. 1. In addition to the exemptions granted under this chapter, there shall also be specifically exempted from state and local sales and use taxes defined, levied, or calculated under section 32.085, sections 144.010 to 144.525, sections 144.600 to 144.761, and section 238.235 all sales of farm products sold at a farmers' market.**

**2. For purposes of this section "farm products" shall mean any fresh fruits, vegetables, mushrooms, nuts, shell eggs, honey or other bee products, maple syrup or maple sugar, flowers, nursery stock and other horticultural commodities, livestock food products, including meat, milk, cheese, and other dairy products, food products of "aquaculture", as defined in section 277.024, including fish, oysters, clams, mussels, and other molluscan shellfish taken from the waters of the state, products from any tree, vine, or plant and other flowers, or any of the products listed in this subsection that have been processed by the**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

15 participating farmer, including, but not limited to, baked goods made  
16 with farm products.

17 3. For purposes of this section "farmers' market" shall mean an  
18 individual farmer or a cooperative or nonprofit enterprise or  
19 association that consistently occupies a given site throughout the  
20 season, which operates principally as a common marketplace for an  
21 individual farmer or a group of farmers to sell farm products directly  
22 to consumers, and where the products sold are produced by the  
23 participating farmers with the sole intent and purpose of generating a  
24 portion of household income.

25 4. The provisions of this section do not apply to any person or  
26 entity with estimated total annual sales of twenty-five thousand dollars  
27 or more from participating in farmers' markets.

208.018. 1. Subject to federal approval, the department of social  
2 services shall establish a pilot program for the purpose of providing  
3 Supplemental Nutrition Assistance Program (SNAP) participants with  
4 access and the ability to afford fresh food when purchasing fresh food  
5 at farmers' markets. Under the pilot program, such participants shall  
6 be able to:

7 (1) Purchase fresh fruit, vegetables, meat, fish, poultry, eggs, and  
8 honey with SNAP benefits with an electronic benefit transfer (EBT)  
9 card; and

10 (2) Receive a dollar-for-dollar match for every SNAP dollar spent  
11 at a participating farmer's market or vending urban agricultural zone  
12 as defined in section 262.900 in an amount up to ten dollars per week  
13 whenever the participant purchases fresh food with an EBT card.

14 2. Purchases of approved fresh food by SNAP participants under  
15 this section shall automatically trigger matching funds reimbursement  
16 into the vendor accounts by the department.

17 3. The funding of this pilot program shall be subject to  
18 appropriation. In addition to appropriations from the general  
19 assembly, the department may apply for available grants and shall be  
20 able to accept other gifts, grants, and donations to develop and  
21 maintain the program.

22 4. The department shall promulgate rules setting forth the  
23 procedures and methods of implementing this section. Any rule or  
24 portion of a rule, as that term is defined in section 536.010, that is

25 **created under the authority delegated in this section shall become**  
26 **effective only if it complies with and is subject to all of the provisions**  
27 **of chapter 536 and, if applicable, section 536.028. This section and**  
28 **chapter 536 are nonseverable and if any of the powers vested with the**  
29 **general assembly pursuant to chapter 536 to review, to delay the**  
30 **effective date, or to disapprove and annul a rule are subsequently held**  
31 **unconstitutional, then the grant of rulemaking authority and any rule**  
32 **proposed or adopted after August 28, 2014, shall be invalid and void.**

33 **5. Pursuant to section 23.253 of the Missouri sunset act:**

34 **(1) The provisions of this section shall sunset automatically six**  
35 **years after the effective date of this section unless reauthorized by an**  
36 **act of the general assembly; and**

37 **(2) If such program is reauthorized, the program authorized**  
38 **under this section shall sunset automatically twelve years after the**  
39 **effective date of the reauthorization of this section; and**

40 **(3) This section shall terminate on September first of the**  
41 **calendar year immediately following the calendar year in which the**  
42 **program authorized under this section is sunset.**

262.900. 1. As used in this section, the following terms mean:

2 **(1) "Agricultural products", an agricultural, horticultural, viticultural, or**  
3 **vegetable product, growing of grapes that will be processed into wine, bees, honey,**  
4 **fish or other aquacultural product, planting seed, livestock, a livestock product,**  
5 **a forestry product, poultry or a poultry product, either in its natural or processed**  
6 **state, that has been produced, processed, or otherwise had value added to it in**  
7 **this state;**

8 **(2) "Blighted area", that portion of the city within which the legislative**  
9 **authority of such city determines that by reason of age, obsolescence, inadequate,**  
10 **or outmoded design or physical deterioration have become economic and social**  
11 **liabilities, and that such conditions are conducive to ill health, transmission of**  
12 **disease, crime or inability to pay reasonable taxes;**

13 **(3) "Department", the department of agriculture;**

14 **(4) "Domesticated animal", cattle, calves, sheep, swine, ratite birds**  
15 **including but not limited to ostrich and emu, llamas, alpaca, buffalo, elk**  
16 **documented as obtained from a legal source and not from the wild, goats, or**  
17 **horses, other equines, or rabbits raised in confinement for human consumption;**

18 **(5) "Grower UAZ", a type of UAZ:**

19 (a) That can either grow produce, raise livestock, or produce other  
20 value-added agricultural products;

21 (b) That does not exceed fifty laying hens, six hundred fifty broiler  
22 chickens, or thirty domesticated animals;

23 (6) "Livestock", cattle, calves, sheep, swine, ratite birds including but not  
24 limited to ostrich and emu, aquatic products as defined in section 277.024,  
25 llamas, alpaca, buffalo, elk documented as obtained from a legal source and not  
26 from the wild, goats, or horses, other equines, or rabbits raised in confinement for  
27 human consumption;

28 (7) "Locally grown", a product that was grown or raised in the same  
29 county or city not within a county in which the UAZ is located or in an adjoining  
30 county or city not within a county. For a product raised or sold in a city not  
31 within a county, locally grown also includes an adjoining county with a charter  
32 form of government with more than nine hundred fifty thousand inhabitants and  
33 those adjoining said county;

34 (8) "Processing UAZ", a type of UAZ:

35 (a) That processes livestock [or], poultry, **or produce** for human  
36 consumption;

37 (b) That meets federal and state processing laws and standards;

38 (c) Is a qualifying small business approved by the department;

39 (9) "Meat", any edible portion of livestock or poultry carcass or part  
40 thereof;

41 (10) "Meat product", anything containing meat intended for or capable of  
42 use for human consumption, which is derived, in whole or in part, from livestock  
43 or poultry;

44 (11) **"Mobile unit", the same as motor vehicle as defined in section**  
45 **301.010;**

46 (12) "Poultry", any domesticated bird intended for human consumption;

47 [(12)] (13) "Qualifying small business", those enterprises which are  
48 established within an Urban Agricultural Zone subsequent to its creation, and  
49 which meet the definition established for the Small Business Administration and  
50 set forth in Section 121.301 of Part 121 of Title 13 of the Code of Federal  
51 Regulations;

52 [(13)] (14) "Value-added agricultural products", any product or products  
53 that are the result of:

54 (a) Using an agricultural product grown in this state to produce a meat

55 or dairy product in this state;

56 (b) A change in the physical state or form of the original agricultural  
57 product;

58 (c) An agricultural product grown in this state which has had its value  
59 enhanced by special production methods such as organically grown products; or

60 (d) A physical segregation of a commodity or agricultural product grown  
61 in this state that enhances its value such as identity preserved marketing  
62 systems;

63 [(14)] **(15)** "Urban agricultural zone" or "UAZ", a zone within a  
64 metropolitan statistical area as defined by the United States Office of Budget and  
65 Management that has one or more of the following entities that is a qualifying  
66 small business and approved by the department, as follows:

67 (a) Any organization or person who grows produce or other agricultural  
68 products;

69 (b) Any organization or person that raises livestock or poultry;

70 (c) Any organization or person who processes livestock or poultry;

71 (d) Any organization that sells at a minimum seventy-five percent locally  
72 grown food;

73 [(15)] **(16)** "Vending UAZ", a type of UAZ:

74 (a) That sells produce, meat, or value-added locally grown agricultural  
75 goods;

76 (b) That is able to accept food stamps under the provisions of the  
77 Supplemental Nutrition Assistance Program as a form of payment; and

78 (c) Is a qualifying small business that is approved by the department for  
79 an UAZ vendor license.

80 2. (1) A person or organization shall submit to any incorporated  
81 municipality an application to develop an UAZ on a blighted area of land. Such  
82 application shall demonstrate or identify on the application:

83 (a) If the person or organization is a grower UAZ, processing UAZ,  
84 vending UAZ, or a combination of all three types of UAZs provided in this  
85 paragraph, in which case the person or organization shall meet the requirements  
86 of each type of UAZ in order to qualify;

87 (b) The number of jobs to be created;

88 (c) The types of products to be produced; and

89 (d) If applying for a vending UAZ, the ability to accept food stamps under  
90 the provisions of the Supplemental Nutrition Assistance Program if selling

91 products to consumers.

92 (2) A municipality shall review and modify the application as necessary  
93 before either approving or denying the request to establish an UAZ.

94 (3) Approval of the UAZ by such municipality shall be reviewed five and  
95 ten years after the development of the UAZ. After twenty-five years, the UAZ  
96 shall dissolve.

97 If the municipality finds during its review that the UAZ is not meeting the  
98 requirements set out in this section, the municipality may dissolve the UAZ.

99 3. The governing body of any municipality planning to seek designation  
100 of an urban agricultural zone shall establish an urban agricultural zone  
101 board. The number of members on the board shall be seven. One member of the  
102 board shall be appointed by the school district or districts located within the area  
103 proposed for designation of an urban agricultural zone. Two members of the  
104 board shall be appointed by other affected taxing districts. The remaining four  
105 members shall be chosen by the chief elected officer of the municipality. The four  
106 members chosen by the chief elected officer of the municipality shall all be  
107 residents of the county or city not within a county in which the UAZ is to be  
108 located, and at least one of such four members shall have experience in or  
109 represent organizations associated with sustainable agriculture, urban farming,  
110 community gardening, or any of the activities or products authorized by this  
111 section for UAZs.

112 4. The school district member and the two affected taxing district  
113 members shall each have initial terms of five years. Of the four members  
114 appointed by the chief elected official, two shall have initial terms of four years,  
115 and two shall have initial terms of three years. Thereafter, members shall serve  
116 terms of five years. Each member shall hold office until a successor has been  
117 appointed. All vacancies shall be filled in the same manner as the original  
118 appointment. For inefficiency or neglect of duty or misconduct in office, a  
119 member of the board may be removed by the applicable appointing authority.

120 5. A majority of the members shall constitute a quorum of such board for  
121 the purpose of conducting business and exercising the powers of the board and for  
122 all other purposes. Action may be taken by the board upon a vote of a majority  
123 of the members present.

124 6. The members of the board annually shall elect a chair from among the  
125 members.

126 7. The role of the board shall be to conduct the activities necessary to

127 advise the governing body on the designation of an urban agricultural zone and  
128 any other advisory duties as determined by the governing body. The role of the  
129 board after the designation of an urban agricultural zone shall be review and  
130 assessment of zone activities.

131           8. Prior to the adoption of an ordinance proposing the designation of an  
132 urban agricultural zone, the urban agricultural board shall fix a time and place  
133 for a public hearing and notify each taxing district located wholly or partially  
134 within the boundaries of the proposed urban agricultural zone. The board shall  
135 send, by certified mail, a notice of such hearing to all taxing districts and political  
136 subdivisions in the area to be affected and shall publish notice of such hearing  
137 in a newspaper of general circulation in the area to be affected by the designation  
138 at least twenty days prior to the hearing but not more than thirty days prior to  
139 the hearing. Such notice shall state the time, location, date, and purpose of the  
140 hearing. At the public hearing any interested person or affected taxing district  
141 may file with the board written objections to, or comments on, and may be heard  
142 orally in respect to, any issues embodied in the notice. The board shall hear and  
143 consider all protests, objections, comments, and other evidence presented at the  
144 hearing. The hearing may be continued to another date without further notice  
145 other than a motion to be entered upon the minutes fixing the time and place of  
146 the subsequent hearing.

147           9. Following the conclusion of the public hearing required under  
148 subsection 8 of this section, the governing authority of the municipality may  
149 adopt an ordinance designating an urban agricultural zone.

150           10. The real property of the UAZ shall not be subject to assessment or  
151 payment of ad valorem taxes on real property imposed by the cities affected by  
152 this section, or by the state or any political subdivision thereof, for a period of up  
153 to twenty-five years as specified by ordinance under subsection 9 of this section,  
154 except to such extent and in such amount as may be imposed upon such real  
155 property during such period, as was determined by the assessor of the county in  
156 which such real property is located, or, if not located within a county, then by the  
157 assessor of such city, in an amount not greater than the amount of taxes due and  
158 payable thereon during the calendar year preceding the calendar year during  
159 which the urban agricultural zone was designated. The amounts of such tax  
160 assessments shall not be increased during such period so long as the real  
161 property is used in furtherance of the activities provided under the provisions of  
162 subdivision (13) of subsection 1 of this section. At the conclusion of the period of

163 abatement provided by the ordinance, the property shall then be reassessed. If  
164 only a portion of real property is used as an UAZ, then only that portion of real  
165 property shall be exempt from assessment or payment of ad valorem taxes on  
166 such property, as provided by this section.

167         11. If the water services for the UAZ are provided by the municipality, the  
168 municipality may authorize a grower UAZ to pay wholesale water rates. If  
169 available, for the cost of water consumed on the UAZ and pay fifty percent of the  
170 standard cost to hook onto the water source.

171         12. (1) Any local sales tax revenues received from the sale of agricultural  
172 products sold in the UAZ, **or any local sales tax revenues received by a**  
173 **mobile unit associated with a vending UAZ selling agricultural products**  
174 **in the municipality in which the vending UAZ is located**, shall be  
175 deposited in the urban agricultural zone fund established in subdivision (2) of  
176 this subsection. An amount equal to one percent shall be retained by the director  
177 of revenue for deposit in the general revenue fund to offset the costs of collection.

178         (2) There is hereby created in the state treasury the "Urban Agricultural  
179 Zone Fund", which shall consist of money collected under subdivision (1) of this  
180 subsection. The state treasurer shall be custodian of the fund. In accordance  
181 with sections 30.170 and 30.180, the state treasurer may approve  
182 disbursements. The fund shall be a dedicated fund and, upon appropriation, shall  
183 be used for the purposes authorized by this section. Notwithstanding the  
184 provisions of section 33.080 to the contrary, any moneys remaining in the fund  
185 at the end of the biennium shall not revert to the credit of the general revenue  
186 fund. The state treasurer shall invest moneys in the fund in the same manner  
187 as other funds are invested. Any interest and moneys earned on such  
188 investments shall be credited to the fund. **Fifty percent of fund moneys shall**  
189 **be made available to school districts. The remaining fifty percent of**  
190 **fund moneys shall be allocated to municipalities that have urban**  
191 **agricultural zones based upon the municipality's percentage of local**  
192 **sales tax revenues deposited into the fund. The municipalities shall,**  
193 **upon appropriation, provide fund moneys to urban agricultural zones**  
194 **within the municipality for improvements.** School districts may apply to  
195 the department for money in the fund to be used for the development of  
196 curriculum on or the implementation of urban farming practices under the  
197 guidance of the University of Missouri extension service and a certified vocational  
198 agricultural instructor. The funds are to be distributed on a competitive basis

199 within the school district or districts in which the UAZ is located pursuant to  
200 rules to be promulgated by the department, with special consideration given to  
201 the relative number of students eligible for free and reduced-price lunches  
202 attending the schools within such district or districts.

203         13. Any rule or portion of a rule, as that term is defined in section  
204 536.010, that is created under the authority delegated in this section shall  
205 become effective only if it complies with and is subject to all of the provisions of  
206 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are  
207 nonseverable and if any of the powers vested with the general assembly pursuant  
208 to chapter 536 to review, to delay the effective date, or to disapprove and annul  
209 a rule are subsequently held unconstitutional, then the grant of rulemaking  
210 authority and any rule proposed or adopted after August 28, 2013, shall be  
211 invalid and void.

212         14. The provisions of this section shall not apply to any county with a  
213 charter form of government and with more than three hundred thousand but  
214 fewer than four hundred fifty thousand inhabitants.

✓  
Bill

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